

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02

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USIA-06 AID-05 SR-02 ORM-01 /085 W

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R 041701Z APR 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 687

INFO USMISSION GENEVA

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

USDEL JEC PARIS

C O N F I D E N T I A L COPENHAGEN 0962

E.O. 11652: GDS

TAGS: PFOR, EAID, VS, VN, DA

SUBJECT: DANISH AID TO VIETNAM

REF: COPENHAGEN 0931

1. ALTHOUGH FONMIN ANDERSEN TOLD AMBASSADOR ON APRIL 2 THAT CONSIDERATION OF DKR 150 MILLION (\$27.5 MILLION) LOAN TO DRVN WOULD PROBABLY BE POSTPONED FOR SEVERAL WEEKS (REFTEL), PROPOSAL BROKE IN THE PRESS THE FOLLOWING DAY AND WAS MET WITH A STORM OF PROTEST BY NON-SOCIALIST PRESS. SEVERAL PAPERS SAW TIMING AS REPRESENTING AN UNUSUAL LACK OF POLITICAL FLAIR AND DECENCY GIVEN PRESENT DEVELOPMENTS IN VIETNAM. FONMIN TOLD AMBASSADOR SUBSEQUENTLY THAT HE HAD BEEN IN GOOD FAITH WHEN TELLING HIM OF PLANNED POSTPONEMENT; UNFORTUNATELY, HE SAID, PROPOSAL WAS LEAKED TO THE PRESS OUT OF THE PARLIAMENTARY FINANCE COMMITTEE.

2. WITH THIS BACKGROUND, EMBOFF INQUIRED OF DANISH AID AGENCY
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(DANIDA) REGARDING PRESENT STANDING OF DANISH AID TO VIETNAM.

DANISH OFFICIAL REFUSED TO DISCUSS THE PROPOSED DKR 150 MILLION LOAN WHICH HE SAID IS NOW UNDER DISCUSSION AT TOP LEVELS OF GOVERNMENT. HE DID, HOWEVER, AGREE TO A RUNDOWN OF AID TO VIETNAM WHICH HAS TO DATE BEEN APPROVED BY BOTH THE GOVERNMENT AND THE PARLIAMENT.

3. DRVN. UP TO THE PRESENT, THE DRVN HAS RECEIVED DKR 50 MILLION (\$9.2 MILLION) IN GRANTS. DKR 20 MILLION (\$3.7 MILLION) OF THIS SUM WILL BE USED FOR THE PURCHASE OF SPARE PARTS FOR CEMENT MANUFACTURING MACHINERY. THE REMAINING DKR 30 MILLION (\$5.5 MILLION) WILL BE USED FOR THE PURCHASE OF BUILDING MATERIALS.

4. GVN. THE DANISH GOVERNMENT HAS APPROVED A TOTAL OF DKR. 85 MILLION (\$15.6 MILLION). DKR 40 MILLION IS IN THE FORM OF A LOAN, INTERESTED FREE, AND REPAYABLE 25 YEARS AFTER AN ORIGINAL GRACE PERIOD OF TEN YEARS. DKR 45 MILLION (\$8.3 MILLION) IS IN GRANTS. THE OFFICIAL WAS UNABLE TO SAY HOW MUCH OF THE DKR 40 MILLION LOAN HAD ACTUALLY BEEN USED SINCE THE ENTIRE SUM IS NOW UNDER THE CONTROL OF GVN. OF THE DKR 45 MILLION GRANT, 27.5 MILLION (\$5.1 MILLION) HAD BEEN CHANNELLED THROUGH UNICEF FOR THE PURCHASE OF ROOFING MATERIAL, THE REBUILDING OF VILLAGE SCHOOLS, AND THE IMPROVEMENT OF VILLAGE DRINKING WATER SYSTEMS. THE REMAINING PORTION OF THE GRANT ARE TO BE USED IN THE CONSTRUCTION OF A GARBAGE DISPOSAL AND COMPOST PRODUCTION PLANT.

5. PRG. THE DANISH GOVERNMENT HAS APPROVED APPROXIMATELY DKR 22 MILLION (\$4 MILLION) IN GRANT AID TO THE PRG. NONE OF THIS AMOUNT HAS BEEN DISBURSED DIRECTLY TO THE PRG. DKR 12 MILLION (\$2.2 MILLION) HAS BEEN CHANNELLED THROUGH THE DANISH RED CROSS, AND 10 MILLION (1.8 MILLION) THROUGH THE UN HIGH COMMISSIONER FOR REFUGEES.

6. ON BOTH LOANS AND GRANTS, PURCHASES MUST BE MADE IN DENMARK. ALL PROJECTS MUST FIRST BE PRESENTED TO AND APPROVED BY THE DANISH FOREIGN MINISTRY.

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7. EMBASSY COMMENT: IN ADDITION TO UNFAVORABLE PRESS COMMENTS, WE UNDERSTAND FROM POLLING DONE BY PRESS THAT MAJORITY OF PARLIAMENT IS PROBABLY OPPOSED AT THIS TIME TO DKR 150 MILLION LOAN TO DRVN. IT IS EVIDENT FROM FONMIN'S REMARKS TO AMBASSADOR, THAT HE REGRETS PRESENT PRESS PLAY AND WOULD LIKE TO KEEP PROPOSAL FROM DECISION-MAKING FOR AT LEAST A FEW WEEKS AS HE HAD ORIGINALLY TOLD AMBASSADOR.

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